

## Message Text

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14

ACTION INT-05

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R 301730Z JAN 76

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 3625

INFO USGS RESTON VA

USGS DENVER COL

AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E. O. 11652: N/A

TAGS: EMIN, EFIN, BR

SUBJECT: US-BRAZIL MINERALS COOPERATION PROGRAM

REFS: A. 75 BRASILIA 9929, B. 75 STATE 297169

1. SUMMARY. MINES AND ENERGY MINISTER UEKI, IN A BRIEF MEETING WITH MARRANZINO OF USGS, EXPRESSED APPROVAL, FOR HIS PART, OF MARRANZINO'S TENTATIVE PROPOSAL OF A SPECIAL FUND ARRANGEMENT WHICH WOULD ENABLE THE MINISTRY TO PAY THE CRUZEIRO-EQUIVALENT OF DOLLAR COSTS IN A NEW MINERALS COOPERATION PROGRAM. EMBASSY URGES USG APPROVAL OF THE ARRANGEMENT. IN THE MEANTIME, THE EMBASSY WILL WISH TO CONSIDER, IN CONSULTATION WITH MINES AND ENERGY, THE APPROPRIATE PROCEDURE TO OBTAIN CENTRAL BANK APPROVAL, INCLUDING ESPECIALLY WHAT WOULD BE THE EMBASSY'S ROLE, IF ANY, IN SUCH A PROCEDURE. END SUMMARY.

2. ALBERT MARRANZINO OF USGS AND EMBOFF MET BRIEFLY WITH MINES AND ENERGY MINISTER UEKI AND SECRETARY GENERAL BARBALHO, AND AT GREATER LENGTH WITH ACTING CHIEF OF THE MINISTER'S PERSONAL CABINET, DR. LEONARDO MANGEON, TO DISCUSS THE QUESTION OF A NEW US-BRAZIL MINERALS COOPERATION AGREEMENT. THE MINISTER EXPRESSED PLEASURE THAT MARRANZINO HAD COME TO BRASILIA TO DISCUSS THE AGREEMENT. HE SAID THE

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GOB IS VERY INTERESTED IN CONCLUDING AN AGREEMENT PROVIDED

THE GOB COULD PAY ALL COSTS IN CRUZEIROS. MARRANZINO OUTLINED THE SCOPE OF THE PROGRAM THE US HAD IN MIND. HE EXPLAINED THAT THE USG HAD UNDER CONSIDERATION A POSSIBLE FINANCIAL ARRANGEMENT WHEREBY THE GOB WOULD PAY THE CRUZEIRO EQUIVALENT OF DOLLAR-COSTS (EXPECTED TO CONSIST MAINLY OF SALARIES OF US PERSONNEL) INTO A SPECIAL ACCOUNT. AS THE US EMBASSY NEEDED TO BUY CRUZEIROS FOR ITS OWN PURPOSES, IT WOULD PURCHASE WHATEVER CRUZEIROS WERE AVAILABLE IN THIS ACCOUNT. THE MINISTER SAID THIS ARRANGEMENT WOULD BE FINE, AND HE PLEDGED THE GOB'S FINANCIAL SUPPORT FOR THE PROGRAM.

3. THE MINISTER ALSO EXPRESSED APPROVAL OF THE ORGANIZATIONAL MECHANISM PROPOSED BY MARRANZINO: A COORDINATOR IN THE MINISTRY OF MINES AND ENERGY, ACTING ON BEHALF OF VARIOUS SPECIALIZED AGENCIES (DNPM, CNEN, CPRM, DNAEE, PROJECT RADAM, ETC.), WOULD DEAL WITH A COORDINATOR IN USGS TO REQUEST SPECIFIC COOPERATION PROJECTS. DR. MANGEON ALSO SUGGESTED THAT THE COOPERATION INCLUDE VISITING PROFESSORSHIPS IN BRAZILIAN SCHOOLS OF GEOLOGY.

4. COMMENT. THE MINISTER AND SECRETARY-GENERAL MADE THEMSELVES AVAILABLE ON SHORT NOTICE TO SEE MARRANZINO. WE BELIEVE THIS INDICATES THE GREAT LEVEL OF BRAZILIAN INTEREST IN CONTINUING THE FOUR-DECADE TRADITION OF US-BRAZIL MINERALS COOPERATION. WE ARE HEARTENED BY UEKI'S PERSONAL PLEDGE THAT HE SEES NO PROBLEM WITH THE SPECIAL FUND ARRANGEMENT. BASED ON REF B, WE UNDERSTAND THAT, DESPITE THE CENTRAL BANK'S RELUCTANCE TO APPROVE THIS TYPE OF ARRANGEMENT FOR ALL TYPES OF POST-AID ACTIVITIES, IT IS WILLING TO APPROVE IT IN CERTAIN CIRCUMSTANCES, WE BELIEVE EUEKI'S PLEDGE. COMBINED WITH THE CLEAR PRIORITY THAT THE GOB GIVES TO MINERALS DEVELOPMENT, INDICATES THAT HE WOULD GIVE HIS FULL SUPPORT TO ANY REQUEST FOR CENTRAL BANK APPROVAL OF THE FINANCIAL ARRANGEMENT. FURTHERMORE, MANGEON INFORMED EMBOFF THAT THE MINISTRY ALREADY HAS SIMILAR FINANCIAL ARRANGEMENTS AND THUS HE EXPECTED NO DIFFICULTY IN OBTAINING CENTRAL BANK APPROVAL.

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5. EMBASSY REQUESTS USG APPROVAL OF THE FINANCIAL ARRANGEMENT. IN THE MEANTIME, THE EMBASSY, IN CONSULTATION WITH MINES AND ENERGY, WILL WISH TO CONSIDER FURTHER THE APPROPRIATE PROCEDURE FOR OBTAINING ANY NECESSARY CENTRAL BANK APPROVAL, INCLUDING WHAT SHOULD BE THE EMBASSY'S ROLE, IF ANY, IN THIS PROCESS.  
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## Message Attributes

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